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Selling Production to the Management

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THE purpose of this paper is to help the manager to a stronger realization of his responsibility for production. To raise the question of "selling" production to the management of an industrial enterprise may seem preposterous to some. Who of all agencies is responsible for production if not the management? That is a fundamental assumption of economic thinking. Who of all agencies in this period of post-war concern is urging greater production? It is the managers in industry.

Yet a fundamental economic assumption may become so commonplace as to cease to be a motivating influence, and strong urging may be accompanied by an inertia and an unwillingness to exert one's self to accomplish that which one desires. It too frequently means "Let George do it," George being, in the minds of many managers, the foremen and the workers.

It is not to be denied that the foremen and the workers have a responsibility to strive for greater production. There is evidence that they are beginning to think about it, and here and there to advocate it, but as yet not in a whole-hearted way and with constructive plans. Possibly they too are acting under fundamental assumptions; for instance, that for some reason it is not expedient to give more than enough to hold the job; possibly their demand for greater production is only a feint to cover other purposes; possibly they, too, believe in leaving it to George, he

being, to them, the manager. However, the problem of "selling" production to the foremen and to the workers is not the subject of this paper.

While the accomplishment of production is obviously a joint responsibility and no party to the enterprise can leave all the responsibility entirely to the others, yet the workers are undoubtedly more nearly right than are the managers in demanding the assumption of the greater responsibility by the other, especially the responsibility for initiative, constructive plans and leadership; leadership which meets changing conditions and which takes the workers into consideration as logical and moral, if not legal partners in enterprise. For the assumption of that responsibility has always been and always will be an aspect of the function of management.

MANAGEMENT A SPECIALIZED FUNCTION

Management is primarily a *function*, not a person; and whatever person or group of persons is attached to the function of management, for the time being in an enterprise in any particular régime of industry, must assume the responsibility or be discarded. In the days of reputed pure democracy, when the tribe lifted the man of personal power upon their shields as a symbol that they conferred leadership upon him, they were recognizing the inherent need of management and were choosing a manager. In the days of household industry whenever master, journeymen and apprentices were

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assembled in an enterprise, there attached to the master that same inherent function of management. Throughout the present régime of capitalistic industry (characterized by specialized ownership of materials and equipment, these being no longer the property of the workers or even, in many instances, of the *active* management) the management function has been magnified as a critically important function by the very complexity and delicacy of the industrial mechanism. If we should gradually emerge into a new régime of some form of industrial democracy, we shall be sure to find the management function as insistent as ever in its requirements. In fact, I believe that it will be more insistent than ever, more magnified than ever, since an industrial democracy in our present complex civilization would mean almost certainly greater complexity. The currents of influence which will keep the industrial machine in operation in that assumed future régime will be able to do so only in the measure that they find a focus in the function which we now designate by the term management. Workers may come to "manage" in a large and generic sense of the word; but they can manage in that sense only through the instrumentality of those who "manage" in a narrower and distinctive sense of the word. If and when that régime arrives the problem will be one of choosing managers and methods of management, not of choosing management.

The point to be kept clearly in mind in thinking about industrial problems requiring current action is that we are in the régime of capitalistic industry, in which managers are clearly charged with responsibility for vision and leadership, and that for all practical purposes, to us, that régime is not likely to be fundamentally changed, and the

accompanying managerial responsibilities modified; or at any rate modified only towards still greater responsibilities. There is a fringe of managers who are thoroughly autocratic in mental attitude, and who would resort to extreme measures of discipline if the workers could not be content with crystallized relations and were insistent in their strivings to express a desire for change; and there is a compensating fringe of workers who demand radical changes in the social and industrial structure, and strive, some of them destructively, to achieve their ideals; but neither of these represent the great directive force in industry. They are a profound influence in making others take thought, but the actual course of step-by-step industrial development will be determined by coöperation of the moderate managers and the moderate workers, the latter asking for progressive improvement and the former desirous to assume leadership in finding the improvement that is really mutually progressive. The demand for improvement by the great body of moderate workers constitutes a challenge to management; a challenge to display vision, initiative and leadership.

PRODUCTION A PROBLEM OF PROGRESSIVE MANAGEMENT

Therefore, it should be kept clearly and forcibly in mind that the pressing problem of production is primarily a problem of management; and in times of confusion and of change more than ever a problem of the management, calling for constructive plans and leadership in winning acceptance of these plans and in giving them effect.

It is not abnormal for the average manager to meet this challenge with reluctance. It is normal for him to wish to simplify his problem and, if he has once constructed a formula for

securing production under more or less familiar conditions, to hesitate to attack the problem of working out new production formulas involving, to him, new variables. It is much easier and presents apparently less risk for him to ask that all concerned work harder individually in accordance with present formulas, and thereby secure the needed production. There is no question but that greater individual physical effort is possible and that it would secure greater production. But it is just as normal and reasonable for the individual worker to meet that challenge with greater reluctance than the manager meets the other challenge, especially if the individual believes that the problem can be met by better management. He feels that it is the function of management not to work out a *status quo* in production methods but to strive for increasingly efficient methods—increasingly efficient because of better coördinations and not because of greater individual exertion. The war proved that in extraordinary emergency the individual will give himself to the limit, and proved that that method does secure production; but it proved also that only extraordinary emergency will inspire to such effort. The individual worker now believes that the extraordinary situation is past and that it is up to managers to secure the same results. He believes that it is a function of management to so coördinate the elements and to so manage that he will inspire in each individual an unconscious impulse to a maximum effort (consistent with well-being) which he cannot resist. He insists that to have visions, try experiments and to assume risks is a phase of the function known as management. Is it not, after all, the easier solution of the problem for the manager to *will* intellectual effort on his part to construct better production

formulas, than for him to attempt to drive the mass to greater individual effort, or to modify the behavioristic psychology of a crowd which charges him with responsibility?

It is futile for him, in the hope of solving his production problem, to resort to the strategy of waiting for hard times and unemployment and the greater voluntary effort of the workers resulting from the competition to hold jobs. The manager who looks forward to hard times to solve his problem may have visions of a selected force steadily at work at reasonable wages, and that problem at least (apparently) solved; but he fails to include in his vision decreased consumption, decreased demand for his product, competitive selling prices, production on a falling market and all that accompanies hard times. For each problem apparently solved in that way, several take its place. Moreover, as in the cycle of industrial affairs good times again appear, the old problem of production is sure to become dominant and with aspects more embarrassing with each recurrence. The manager may as well appreciate that management is a continuing function and assume his responsibility as manager once and for all, for good times and for bad times; he may as well recognize that there exists a challenge to his vision and his leadership in developing new formulas for securing production.

Production will not be secured by coercion of individual workers; it will be secured by managerial leadership, which, utilizing all available resources in executive, foreman and worker, develops and makes available such excellence of production technique, and displays such fairness in sharing the product of joint effort, as to inspire in each individual the desire to apply himself to the reasonable limit in the utilization of that technique.

TYPES OF UNPROGRESSIVE MANAGERS

During a period of more than fifteen years I have had occasion to talk with many managers concerning the problem of production; during the past two years it has been a frequent occurrence. It has been an inspiration, for their minds have been keen, their ideals high and their desires sincere. Nevertheless, I have sensed, in too many instances, behind an attitude of positive opinion, a feeling of wonder and of helplessness as development of the production problem has presented new phases.

There is the plant manager of the large corporation dominated by absentee ownership. He finds himself between conflicting influences; he has all the production problems of the owner-manager of the independent plant on the one hand and, on the other, the problem of conformity to general business policies of absentee directors and executives. They represent the ownership of the plant and direct its use to their "larger" purposes, and those purposes frequently do not permit the development of socially serviceable and, in many instances, technically profitable production policies. He may have the ideal of the true manager—that profits are a reward for adding to the world's supply of useful goods and services, and may desire to develop his production policy along lines which express his ideal, but they may govern with the ideal that profits are a reward for taking clever advantage of price changes or of changes of supposed value of properties, in many instances the result of manipulation. He may recognize that the production factors which he coördinates are dynamic and changing, and that these changes must be met by flexible policies and methods; they may assume them as static, capitalize them as static and place him in the position of having to adopt production

policies to sustain a capitalization which assumes them as static. He may believe in a sustained production at a lower selling price; they, in price maintenance, discharge of the superfluous working force and idle equipment; he may believe in the favorable influence on production of high rates of pay; they, in the doctrine of the living wage; he, knowing his people, may believe in collective negotiation, while to them that may be anathema. He may believe in an increased management overhead as under certain conditions highly productive; they may give orders to cut overhead to the minimum. Their decisions may be governed by a purpose which holds pecuniary profits to be the primary objective, with social service and the interests of the people engaged in the enterprise as incidental; he may have the ideal that production is primarily a social service with profits as an incidental reward for the excellence of the service. It is not a matter for surprise that while such a manager, under such restrictions, may join the chorus urging greater production, he, at the same time, wonders what part he may be able to play in securing it.

On the other hand, there is the class of owner-managers or of managers for owners who are resident and have a supervisory relation to the active managers. Of these the difficulties and their reactions to the difficulties are various. In some instances they too are struggling under the limitations imposed by an assumption of the point of view of "big business," but, on the whole they are striving earnestly, for production and subscribe to the doctrine of social service even though they may not succeed in making good on such subscription. Their difficulties arise primarily from conditions in the plant which have been inherited or from inherited traditions within themselves. It should be noted, in contrast,

that while absentee ownership may impose upon its resident managers limitations from without the plant, it is likely to afford them freedom in scrapping traditions within the plant; on the other hand, while the manager of the smaller plant may be free from limitations from without, he is likely to be loaded with traditions which have developed within the plant and are dear to those who have grown up with them and especially to the supervising owner.

Among them is the self-complacent manager, an executive well along in years who has grown up with the plant. He has the record of successful achievement in other days and values highly the mental attitude and the methods which were at the basis of the success of earlier years in the same, then a smaller plant; to him the success of the past is guarantee of success in the future; to him current troubles are caused by incompetent public executives, irrational legislation, incompetent available assistants, slacking workers, organized labor and similar influences, which he deludes himself into believing transitory, outside himself and his methods. He is reluctant to accept new ideas and new methods; sometimes he is absolutely impervious to them. He does not appreciate that he lives in a changing industrial society and that his ideals and his methods, and his plant as an expression of these must adapt themselves to ever changing circumstances.

There is also among them the manager who is the "my-business-is-different" type of executive. He, too, is likely to be an older man who has grown up with the business. He may be interested in the development of better management methods *in the abstract*; he may attend meetings of efficiency societies and subscribe to *Industrial Management* and *Factory*;

but his temperament is such that he emphasizes the uniqueness of the materials which he treats rather than the universality of managerial principles and methods which may be made available in the productive treatment of all materials. He remains untouched by the newer technique which is making possible greater production.

Again, there is what may be called the detail executive—the executive whose temperament makes him like to do things, to have a hand in everything which goes on in the plant, who likes to have every question, no matter how minute, referred to him for decision and who likes to have everything come over his desk. He is not a coördinator. He represents the opposite of the exception principle. He wants detailed figures and shuns summarizing graphs; he shuns forms and insists on verbal instructions. In the course of time he is wound up in the threads of his many detailed interests and finds himself firmly bound to outworn methods and ineffective because of them.

There are many managers who are composites of these types; and undoubtedly many who constitute different and equally ineffective types.

It is at managers of these types, whose number gives them great influence in the aggregate, that the challenge for production and for greater production is thrown by the circumstances of our industrial development. It is to them that the ideal of production and the methods that secure production must be sold, and they must will to buy. The moral responsibility is theirs.

LINES OF ACTION FOR PROGRESSIVE MANAGEMENT

Assuming that management is sold to the idea of its responsibility for the quality and volume of production, and

that it buys with a fervor which inspires to action, what are the lines of action? So far as we can see they are three: the adoption of sound administrative policies; the development of technically superior production methods; and the establishment of wholesome relations with the workers. The three lines of action are so interrelated that they must be followed together.

By sound administrative policies I mean those governing policies which embody the "constitution" under which the business is conducted, different from, superior to and controlling detailed policies of operation. They are the decisions of the directors and of the president or general manager in a capacity representative of the directors. In the determination of administrative policies there should be taken a long look ahead—a broad look around on the industry to which the business belongs, and a still broader look about upon industrial society which the business serves. Not only in these policies are defined the purpose and limitations of the business but in them are expressed the ideals of the business as well. What shall be produced; in what quantities; for what price? How shall quantity and price be adjusted to changing markets? What shall be the methods of production, of selling, of competition? What shall be the policy with respect to periods of depression, idleness of equipment, unemployment of workers? What shall be the attitude towards workers, working conditions, wage demands, desire for collective negotiation, desire for opportunity for self-expression in helping to determine administrative and managerial policies and methods? What shall be the relation of the business to trade associations, the community, government, industrial society? What is the social purpose of the business and how shall individual

purposes be adjusted to it? These and others are the questions to which answers should be found in the principles expressed in the governing administrative decisions. The formation of these principles is vital to successful management, for in them are found the *ultimate* standards of achievement for the management. Their existence promotes good management and effective production. It is the duty of management to assist in the establishment of such governing principles by providing mechanisms of investigation and research as competent as the size of the business can afford.

Given the defined purpose and governing policies of the business, the problem of the detail management becomes one of establishing working policies to give them effect and production methods to give these working policies effect. The establishment of standards of operation is essential—*intermediate* standards, so to speak, as distinguished from the ultimate standards mentioned above, standards of the object and the excellence of production technique. These standards of methods must be derived from the widest observations in industry, from minute scientific analysis of the production processes and from experiment. They must be made under competent, specialized supervision, and they must be a matter of development and not of imitation or of installation; and as their development proceeds traditional working policies and methods which cannot stand the test of cold analysis and of trial must be discarded. Once established, and systems of automatic control to insure their maintenance developed, increased production per unit of effort follows with astonishing rapidity.

The establishment of sound industrial relations is something bigger than employment management, in the sense

in which the latter term has been ordinarily used. The manager who defines his labor problem in terms of scientific selection, personnel records, centralized hiring and discharge, "welfare work," and reduced labor turnover only, has not yet grasped the real significance of the development of the labor problem during the past three or four years. Labor can no longer be regarded as a commodity, and the restricted view of the function of the employment manager belongs to the period when the commodity theory prevailed. The routine functions of the older employment manager will survive, but only as routine functions directed by a newer and larger conception of the relations of employer and worker. The successful, that is the productive management of the future must conceive the worker, as President Hopkins puts it, "not as the working man but as the man working"; as an individual with technical knowledge to be utilized, instincts for self-expression to be given expression, intellect to be given the opportunity for development, interest in the purposes, policies and methods of production to be regarded, ideals with respect to his and his family's future to be cherished, and power in collective action to be

respected. The manager whose administrative and managerial policies include a regard for these characteristics of the twentieth century man working, and whose leadership inspires the utilization of all of them in his business, will thereby have taken a step which will multiply the effectiveness of the best technique.

The inspired manager who accepts the challenge that on him rests the responsibility for production and for ever greater production, will surely lead along these three lines: the adoption of sound administrative policies; the development of technically superior productive methods; the establishment of just relations with the workers. His procedure must represent a rational combination of hard-headed practicality and sane idealism. He must work with his feet planted squarely on the ground and his eyes up and looking forward. The ground must be well within his range of vision lest he stumble and fall; but his vision must not be centered there lest he lose his way, and his feet must not be too rigidly planted on the ground. As Christopher Morley has said, the man who gets anywhere usually succeeds in doing so by having first one and then the other foot in the air.